



Higher Regional Court Düsseldorf

I-15 U 66/15

Decision of 30 March 2017

[...]

Facts

[...]

The patent in suit concerns the making of data calls using different data rates and carrier services. In patent claim 12, it protects a mobile station.

The patent specification of the patent in suit sets out the background of the invention (paragraph [0002]) by way of the introduction that modern mobile communication systems, in addition to conventional voice transmission, offer their users various types of data transmission functions and that the services provided can generally be divided into teleservices and carrier services.

According to paragraph [0003] of the patent specification, carrier services are usually classified in groups according to their characteristics, such as asynchronous and synchronous carrier services, which in turn are subdivided according to their characteristics into further groups of carrier services, such as transparent and non-transparent services. In an asynchronous carrier service, the transmitting and receiving data terminals maintain their synchronisation only during each character to be transmitted, while in a synchronous carrier service, the transmitting and receiving data terminals are synchronized throughout the data transmission. In the state of the art, each user data rate is assigned an independent carrier service. For example, the single-channel data service of the pan-European digital mobile communications system GSM, in the state of the art of the patent, has six different asynchronous carrier services for the rates 300, 1200, 1200/75, 2400, 4800 and 9600 bps. The introduction of high-speed HSCSD data services in the GSM network using multi-slot technology (cf. paragraph [0006]) will increase the number of different carrier services enormously.



According to the statement of claim of the patent in suit in paragraph [0004], a mobile subscriber may typically be entitled to different types of tele- and carrier services. It may, for example, have access to a voice service, a fax service and various types of data services that are using carrier services. A mobile incoming or outgoing call may therefore require any of the abovementioned tele- and carrier services or combinations thereof, which is the reason why the right service has to be addressed to the mobile communications network. For example, in the GSM mobile communication system, a connection set-up signalisation transmitted from a mobile station contains information about the required service in a particular BCIE (Bearer Capability Information Element). The mobile communications network can thus select the appropriate service for the mobile outgoing calls. Calls originating from an ISDN (Integrated Services Digital Network) also contain a similar information element that displays the required service. However, when the call is routed from or to the Public Switched Telephone Network (PSTN), information about the type of service of the call is not transmitted to the communications network. In such a case, the mobile communications network should be informed in another way of what type of basic service is required by the call.

A state of the art solution is a multiple numbering scheme where a mobile subscriber has as many directory numbers as he has subscribed to different services. According to the multiple numbering scheme, a caller dials the directory number of the mobile subscriber corresponding to the desired service. In the GSM system, the services of the subscribers are defined in the location directory (HLR, Home Location Register) of a subscriber in which other subscriber's information is also permanently stored. The HLR is also used to store information on the assignment of directory numbers to subscriber services. In the HLR, a specific BCIE element, which specifies the type of call and the network resources required for the call, is also linked to the directory number (MSISDN). According to the patent in suit (paragraph [0005]), this solution has various disadvantages for both the network operator and the mobile subscribers. The mobile subscriber must subscribe to several carrier services from the network operator in order to make data calls to applications at different rates. For the network operator it is again problematic that each user needs numerous directory numbers, because this wastes the number space of the network. In addition, setting the services in the network databases consumes database capacity.

Therefore, it is beneficial for both network operators and mobile subscribers to reduce the number of different types of carrier services, especially as the problem in the GSM network becomes more acute due to multiple slot technology, which leads to a significant increase in carrier services beyond the single slot services already identified (paragraph [0006]).



On this basis, the patent specification formulates the task of providing a digital mobile communications network in which a specified carrier service can handle as many data rates as possible (paragraph [0008]).

To solve this technical problem, the patent in suit proposes in its independent claim 12 a mobile station with the following characteristics:

1. A mobile station (MS) for a digital mobile communication system comprising
  - 1.1 at least one data call carrier service,
    - 1.1.1. which includes multiple user data rates, and
    - 1.1.2. which is intended for the mobile subscriber in the subscriber database of the mobile communications network,
  - 1.2 Means for performing a user data rate negotiation,
    - 1.2.1. to set the user data rate for use in a data transmission with the mobile communications network (BTS, BSC, MSC); and
    - 1.2.2. to establish the data call with radio channel resources allocated according to the negotiated user data rate.

[...]

## Grounds

[...]

2.

There is also an abuse of the plaintiff's dominant position within the market, which may affect trade between Member States (Article 102 TFEU).

The European Court of Justice has established in the case "Huawei Technologies . / . ZTE" (ECJ loc. cit.) the following principles on the legal question of whether the owner of a standard essential patent, who has undertaken vis-à-vis a standardization organization to grant a license on FRAND terms to every third party, abuses his dominant market position according to Art. 102 TFEU by filing a patent infringement action for injunctive relief or recall or not. If the SEP owner is in possession of a market dominant position and



if he has undertaken vis-à-vis a standardization organization to grant a license on FRAND terms, he, in order to make his action in line with Art. 102 TFEU, has to fulfil certain conditions which are intended to ensure a fair balance between the interests concerned while due account is to be taken of the particular legal and factual circumstances of the specific case (ECJ loc. cit. para. 55 with reference to the ninth paragraph). Although the rights guaranteed to the patent holder by Art. 17 (2) and Art. 47 of the Charter may not be undermined on the basis of the irrevocable FRAND commitment declared to the standardisation organisation, this justifies demanding special requirements from the patentee in the judicial assertion of claims for injunctive relief and/or recall against alleged patent infringers (ECJ, loc. cit., para. 59).

The ECJ has interpreted Art. 102 TFEU to the effect that a SEP holder who has irrevocably undertaken vis-à-vis a standardization organization to grant each third party a license under FRAND conditions does not abuse its dominant market position within the meaning of this provision by filing a patent infringement action for injunctive relief and recall if

1. the holder of the standard essential patent, after the alleged infringer has expressed his intention to conclude a license agreement on FRAND conditions, has submitted a concrete written license offer on these conditions and, in particular, has indicated the license fee and the method of its calculation to the alleged infringer,
2. the infringer, while continuing to use the patent in question, does not respond to this offer with care,
3. the patent infringer, who does not accept the offer made to him, does not make the holder of the standard essential patent a concrete counter offer in writing within a short period of time which meets FRAND conditions,
4. or, if the patent infringer uses the standard essential patent, the patent holder does not provide adequate security or a statement of account including past acts of use from the time when the patent holder has rejected his counter offer.

a)

The principles set out above also apply to so-called "transitional cases", i.e. to such legal disputes between SEP holders and patent infringers in the context of which the SEP holder - as here - has already brought the infringement action at a time prior to the decision of the ECJ in the case "Huawei Technologies / ZTE" had been announced (Senate, WuW 2016, 442; cf. also Higher Regional Court Karlsruhe Mitt. 16, 321 - Informationsaufzeichnungsmedium; different opinion Regional Court Mannheim BeckRS 16, 06527 - Informationsaufzeichnungsmedium; Kühnen, loc. cit., Chap. E. para. 337). For the following reasons, there is no sufficient basis for corresponding equity



considerations, on the basis of which the application of the principles established by the ECJ in alleged "transitional cases" should be excluded:

Decisions of the European Court of Justice on the interpretation of Union law (Art. 267 a) TFEU) generally have an *ex tunc* effect, which means that the interpretation of Union law by the European Court of Justice must also be applied by the Member States' courts to legal relationships established before the preliminary decision was given (cf. BVerfGE 126, 286 para. 84 = NJW 2010, 3422; Federal Constitutional Court, order of 10 December 2014 - 2 BvR 1549/07; Karpenstein, in: Grabitz/Hilf/Nettesheim, *Das Recht der Europäischen Union*, 60. supplement 2016, Art. 267 TEUV para. 102 with further evidence). In this regard, the courts of the member states lack the competence to independently grant protection of trust in the previous (national) legal situation. In the present context, this applies all the more since the ECJ was aware of the so-called "Orange Book Standard" case law of the Federal Court of Justice (BGHZ 180, 312 = GRUR 2009, 694) as evidenced by the reasons for the ECJ's decision. Nevertheless, the ECJ made its decision in the submitted case, which by its nature is itself a "transitional case" in the aforementioned sense, without any differentiation between "transitional cases" and "new cases". On the contrary, the ECJ once again emphasised that the term "abuse of a dominant position" within the meaning of Art. 102 TFEU is an objective term, so that it is only a matter of an objective contradiction to the protection of undistorted competition intended by the TFEU. The determination of an abuse of a dominant market position is therefore independent of fault and any trust the SEP holder may have in the national "Orange Book Standard" case law, which has reversed parameters with regard to the question as to which party under which conditions is to initiate and promote the license negotiations and in what way, is not worthy of protection and irrelevant. The ECJ decision in question therefore shows - at least impliedly - that at least no differentiation is permissible as to whether the case in question is a "transitional case" or not. Therefore, the Senate maintains its view that the national courts are prevented from favouring "transitional cases" over "new cases" after further examination.

However, this must be separated from the further legal question - which has to be answered uniformly for old and new cases - concerning the general admissibility of making up for steps of the licensing procedure which are usually to be carried out pre-litigation, which in the opinion of the Senate was neither raised nor clarified by the relevant ECJ decision, so that the national courts are not bound in this respect by the case law of the ECJ (to this extent also Kühnen, *loc. cit.*, Chapter E. para. 338).

[..]



c)

The declaration of willingness to license of the defendant or its parent companies, which is therefore required at the second stage of the licensing procedure, is existent.

aa)

In response to a notice of infringement from the SEP holder, the other party must express its intention to conclude a license agreement under FRAND conditions (ECJ loc. cit., para. 63). Since the user is prohibited from postponing the conclusion of a license agreement by means of delay tactics (cf. in connection with the FRAND counter offer ECJ loc. cit., para. 65), he must - all the more - react to the notice of infringement within a reasonable period of time. The relevant deadline cannot be rigidly determined (different opinion probably Cordes/Gelhausen, Mitt. 2015, 426, 432: general deadline of one month). Rather, the circumstances of the individual case are decisive, whereby the reaction period may depend in particular on the degree of detail of the notice of infringement: An indication which - in a non-compulsory manner - contains extensive explanations and explanations on the details of the presumed infringement can, under certain circumstances, demand a quicker reaction from the addressee or his group companies, because their own auditing costs may then be lower (cf. Regional Court Düsseldorf BeckRS 2016, 08040). Even in the event that the SEP holder limits himself in his reference to stating what is absolutely necessary, a period of more than three months (cf. Regional Court Mannheim WuW 2016, 86) or even five months (cf. Regional Court Düsseldorf BeckRS 2016, 08040) is – at least as a rule - no longer appropriate, so that it is no longer reasonable to expect the patent holder to wait for a longer period of time and, consequently, in such a situation, he can bring an action directly (viz.: without prior FRAND offer) without having to fear that the bringing of an action as such will be assessed as abusive within the meaning of Art. 102 TFEU.

In terms of content, there are no high requirements for the licensing request (cf. also Regional Court Düsseldorf BeckRS 2016, 08040): It is sufficient for the license seeker to make an informal and blanket declaration in which his or her willingness to license is clearly expressed; even conclusive action may suffice depending on the situation of the individual case. At this stage of the licensing procedure, the license seeker does not (yet) have to make any comments on the content of the license he wishes to obtain.

bb)

The application of the above principles to the individual case shows that the defendants have sufficiently expressed their willingness to license. In any event, at the time the action was brought, the X3 group had submitted a sufficient declaration of readiness to



license.

Corresponding with the above remarks under b), it is sufficient if - in the case of an infringement notice to the group - either the subsidiary(s) using the SEP or the parent company shows willingness to license and it follows from their declaration of readiness to license that the will to license includes the subsidiary(s) and also includes the use of the plaintiff's patent:

[...]

cc)

[...]

aaa)

Failure by a party to take a necessary step in due time, to which it is obliged under the licensing procedure established by the ECJ, does not entail so-called material preclusion. It follows from this that the relevant step can be taken at any rate before the action is brought without the material legal position of the hesitant party deteriorating permanently (cf. Senate, WuW 2016, 442; Higher Regional Court Karlsruhe Mitt. 2016, 321 - Informationaufzeichnungsmedium; Higher Regional Court Karlsruhe, BeckRS 2016, 17467; Kühnen, in: Festschrift 80 Jahre Patentgerichtsbarkeit in Düsseldorf, 2016, p. 311 ff.; the Regional Court Mannheim BeckRS 2016, 19467 probably also assumes pre-litigation catching up).

This applies particularly to the patent infringer's willingness to license. The substantive obligation of the SEP holder under Art. 102 TFEU in conjunction with his FRAND commitment to grant the infringer a license under FRAND conditions to the SEP concerned remains unaffected by a hesitant declaration of willingness to license. The default does not lead to a (certainly not permanent) loss of the antitrust compulsory license objection. Rather, it only has the significance that, among other things, the injunctive relief becomes enforceable ("due" in the wide sense of the term) and that the SEP holder, after expiration of a reasonable period for the reaction to the notice of infringement, thus escapes the risk that his subsequent action will be dismissed with reference to an abuse of his dominant market position on the grounds that he should have made an FRAND offer to the other party before filing the action. If, therefore, the other party makes up for its willingness to license outside the response period which is reasonable per se, but before the action is brought, the out-of-court licensing procedure must therefore be continued and the SEP holder must now again take the next step in the



licensing procedure and make an FRAND license offer to the other party.

[...]

ccc)

Contrary to the plaintiff's view, no circumstances came to light in the subsequent period (i.e. following the initial statement of readiness to license) - neither before the action was filed nor during the ongoing proceedings - which would give reason to assume that the defendant's or the X3 Group's willingness to license had ceased again in the meantime.

This applies in particular with regard to the email of Mr. W. dated 16 January 2016 (Annex AR 51, cf. sheet 556 f. GA with an excerpt of the German translation) on which the plaintiff focused on in this context (long after the action had been filed):

First of all, it must be agreed with the plaintiff's view that the license seeker may not make his license willingness subject to the condition of a legally binding decision on the infringement and/or on the legal status of the SEP (general view in this respect: see instead of all Regional Court Düsseldorf BeckRS 2016, 08040 with further evidence). Furthermore, nothing can be said against the plaintiff's understanding that the content cited by her can - considered in isolation - be objectively understood as if Mr W. was imposing unacceptable conditions in that sense by means of that email.

Nonetheless, it cannot be inferred from this that the defendants are simply not willing to license. The email in question must not be viewed in isolation, but must be viewed in an overall context, assessing the overall behaviour of the defendant during the licensing procedure and also taking into account the further course of the negotiations following the email in question. In this respect, it follows that, according to the relevant objective recipient horizon, the statements in question in the email of 16 January 2016 were not to be regarded as the "last word" of the defendant and that the plaintiff consequently had no reason to believe that the submission of a FRAND license offer would in any event no longer have any prospect of acceptance by the defendants. The fact that the defendants were still willing to license can be seen from the email of Mr. W. dated 23 March 2016 submitted in German translation as Annex G 31. Most recently, the defendants reaffirmed their willingness to license by submitting a new counter offer (Annex G 46) to the plaintiff in a statement dated 20 January 2017. Whether this new counter offer and/or the previous (non-compulsory) counter offers of the defendant are/have been FRAND can be left open, because - as stated above - the plaintiff in this respect is "subject to performance in advance". Deviations of the defendants from the FRAND principles would at most be considerable if the serious and final refusal (cf. Section 323 (2) No. 1 German Civil Code



(BGB)) to conclude a license agreement on FRAND terms could be derived from this (cf. also Kühnen, loc.cit., Chapter E. para. 315). It is not sufficient that some of the defendant's negotiating positions may not be FRAND.

d)

The plaintiff has failed to fulfil its obligation, which exists in the light of all the foregoing, to submit a FRAND offer to the defendants. The latter applies both, to their pre-litigation licensing offers and to their licensing offers made during the process.

aa)

As the Senate already stated in the decision of 16 January 2016 on the suspension of the execution of the decision under appeal, the Regional Court could not leave open the question as to whether the plaintiff had fulfilled its obligation to submit a FRAND license offer on the grounds, for example, that there was in any case a lack of a FRAND counter offer by the defendant or a lack of FRAND conduct on the part of the defendants. Rather, the procedural steps prescribed by the infringement courts within the framework of the regime of reciprocal duties/obligations prescribed by the ECJ must (in principle) be determined consecutively by the infringement courts. In other words, the infringer only has to react in the manner incumbent upon him if the SEP holder has previously fulfilled his obligations.

Just as the patent infringer only has to indicate his willingness to license (apart from the cases of dispensability under the aspect of "mere formalities") after receiving a notice of infringement from the SEP holder, the infringer is only obliged to submit a FRAND counter offer if he has received a FRAND offer from the SEP holder.

The system prescribed by the ECJ links the measures / steps incumbent on the infringer within the licensing procedure, including in particular the obligation to present a FRAND counter offer, to the mandatory requirement that the SEP holder has previously fulfilled his obligations. The ECJ provides for a balanced procedure for the reconciliation of interests and, within the framework of this procedure, grants the market dominant owner of a standard essential patent an interest worthy of protection only to the extent that - after the user has declared his willingness to license - he submits a license offer on FRAND terms in accordance with his declaration of commitment to the standardization organization. This understanding of the relevant ECJ case law is by no means based solely on the wording of the ECJ decision - contrary to the relevant criticism by the Mannheim Regional Court (BeckRS 2016, 06527 - Informationsaufzeichnungsmedium). In addition to the fact that there are indeed various passages in the ECJ decision "Huawei



Technologies / ZTE" which confirm this interpretation (cf. in particular in the ECJ, loc. cit.: Principle 1 ("on these conditions"); para. 63 ("on FRAND conditions"); para. 64 ("such an offer"); para. 71 ("on these conditions"), the corresponding "obligation of the SEP holder to perform in advance" arises primarily from the following consideration: In establishing the sequence for the procedural steps established by the European Court of Justice, the ECJ has made a decisive point that, first, the holder of a SEP may be expected to submit a FRAND offer because of his FRAND commitment to the standardization organization and, second, if neither a standard license agreement nor license agreements already concluded with other competitors have been published, the SEP holder is in a better position to examine whether his offer meets the condition of equal treatment than the alleged infringer (ECJ, loc. cit., para. 64). If the other part would already be required to submit a FRAND counter offer in the event that the SEP holder merely submitted some formal FRAND requirements contradicting an offer, this premise of the ECJ would be devoid of meaning. The understanding advocated here, in contrast, ensures that the parties are induced and indirectly forced to make such offers which are not only formally acceptable but also economically acceptable (Higher Regional Court Karlsruhe BeckRS 2016, 17467). An obligation of the user to submit a (FRAND) counter offer independent of a FRAND license offer cannot be justified by the consideration that the latter must document his willingness to license: As long as the SEP holder does not respond to this with a FRAND offer, the infringer does not have to prove his willingness to license again by submitting a FRAND counter offer.

bb)

The license offer of the patent holder must in principle be made pre-litigation in order to be able to withdraw the basis of a possible objection of abuse against the filing of an action (see, in particular, the ECJ's correction order in Case C-170/13 REC). If the license seeker has entered into serious pre-trial license negotiations, these must in principle also be concluded unsuccessfully before bringing an action (Kühnen, loc. cit., Chapter E. para. 295).

The offer must be made in writing (a fax or email is sufficient: Kühnen, loc. cit., Chapter E para. 307). It must comply with the following content requirements (cf. Regional Court Düsseldorf BeckRS 2016, 08040; cf. also Regional Court Mannheim BeckRS 2016, 04228): It must be concrete in the sense that the license fee and the relevant calculation parameters (relevant reference value; applicable license rate; staggered rate, if applicable) and the method of calculation must be stated. Meaningful provisions must be laid down on all points which are usually the subject of licensing agreements in the respective industry. The SEP holder must also explain the main reasons why he considers the remuneration



parameters proposed by him to be FRAND (cf. Hauck/Kamlah, GRUR Int. 2016, 420, 424; different opinion Regional Court Mannheim WuW 2016, 86 - Stochastic noise). If the SEP holder has already granted licenses previously to third parties, he must (depending on the circumstances of the individual case to a greater or lesser extent substantiated) in particular justify why the license fee is FRAND precisely against this background.

As the Senate has already decided, the infringement court may not limit itself to a mere summary examination in the sense of a "negative evidence check" (different opinion Regional Court Mannheim WuW 2016, 86 para. 221; Regional Court Mannheim BeckRS 2016, 108197 with further evidence), but it must finally determine whether the SEP holder's offer is FRAND (cf. Senate NZKart 2016, 139 para. 21 et seq.; Higher Regional Court Karlsruhe NZKart 2016, 334 para. 36; Higher Regional Court Karlsruhe BeckRS 2016, 17467). In the present case, however, the above-mentioned issue is not relevant to the decision. The plaintiff's license offers even constitute 'evident' discrimination against the defendants in the aforementioned sense for the following reasons, with the result that they are not FRAND even on the basis of the more favourable standard of assessment for the plaintiff.

cc)

The plaintiff treats the defendants with the license offer of 20 December 2016 - as well as with its earlier license offers - unequally in relation to its further licensee X5 with regard to the amount of the license fees without a valid objective reason.

aaa)

Pursuant to Art. 102 TFEU, p. 2 c), a company with a dominant position within the market is prohibited from applying different conditions to its trading partners for equivalent services, thereby placing them at a competitive disadvantage. The purpose of this regulation is to prevent dominant companies from intervening in the market structures of upstream or downstream market stages through unequal treatment of their trading partners which is not justified by competition and which causes distortions of competition by discriminating against individual trading partners (Fuchs/Möschel in: Immenga/Mestmäcker, EU Competition Law, 5th Ed., Art. 102 TFEU para. 377).

The prohibition of discrimination imposes on the company with a dominant position within the market an obligation of equal treatment by requiring it to grant the same prices and trading conditions to trading partners in the same situation. However, the principle of equal treatment applies only to comparable situations. There is no legal obligation to ensure schematic equal treatment of all trading partners. On the contrary, even the company with a dominant position within the market is not prevented from reacting



differently to different market conditions. A difference in treatment is therefore permissible if it is objectively justified (Huttenlauch/Lübbig in: Loewenheim et al., Kartellrecht, 3. Ed., Art. 102 TFEU Rn. 205 with further evidence; cf. on Section 19 German Law on Restrictions of Competition (GWB) Federal Supreme Court GRUR 1996, 808 - Pay-TV-Durchleitung; Federal Supreme Court WRP 2011, 257 - Entega II; on Section 20 GWB Federal Supreme Court NZKart 2016, 374 - NetCologne with further evidence).

In the case of property rights, there is in principle a wide scope for the objective justification of unequal treatment, because differentiation in the authorisation of use is an essential element of the exclusive effect of the right itself. This also applies if the patentee is dominant in the market because in the interest of promoting technology, the patent also protects the potential embodied in an invention to develop the formal exclusive position on the market into an economic monopoly. However, higher requirements for the objective justification of unequal treatment apply if, in addition to the dominant position, additional circumstances arise which lead to the unequal treatment endangering the freedom of competition. This condition is fulfilled if access to a downstream product market is dependent on compliance with the patent teaching (Federal Supreme Court GRUR 2004, 966 - Standard-Spundfass with further evidence) or if - as here - the product is only competitive when the patent is used.

Whether unequal treatment is objectively justified in this case is determined by an overall assessment and weighing of all the interests involved, which is oriented towards the purpose of the TFEU to contribute to the development of effective, undistorted competition (Sections 19, 20 GWB Federal Supreme Court GRUR 2004, 966 - Standard-Spundfass with further evidence; Federal Supreme Court NZKart 2016, 374 - NetCologne). The type and extent of the different treatments are decisive. Their admissibility depends in particular on whether the relative poorer treatment of the companies concerned appears to be a reconciliation of interests formed by the offer in the individual case and in line with the competition or is based on arbitrariness or considerations and intentions which are foreign to economically or entrepreneurially reasonable action (Federal Supreme Court GRUR 2004, 966 - Standard-Spundfass with further evidence; Federal Supreme Court NZKart 2016, 374 - NetCologne). In view of the patent holder's considerable scope for assessment in this respect, not every difference in the conditions is to be regarded as an expression of an abuse of a dominant market position. Rather, the difference must be more than just insignificant in order to affirm an abuse associated with an condemnation decision (Federal Supreme Court NZKart 2016, 374 - NetCologne with further evidence). It should also be borne in mind, however, that the competitiveness of the companies affected by the unequal treatment should not be impaired by the exercise of power by the dominant company (Federal Supreme Court GRUR 2004, 966 -



Standard-Spundfass with further evidence).

The above mentioned principles apply equally to a SEP holder who has issued a FRAND statement. Regardless of the question whether this declaration is of a constitutive or declaratory nature and whether the obligations of the patentee resulting from it apply even if he does not hold a dominant market position (cf. Regional Court Düsseldorf BeckRS 2016, 14979; Kühnen, loc. cit., chapter E para. 283 et seq. with further evidence), it does not at any rate result in a different standard for the prohibition of discrimination. With the promise contained therein, to not discriminate against license seekers, the SEP holder makes reference to Art. 102 c) TFEU and with regard to the license conditions he wishes to (only) bind himself recognizably to the exact extent that the legal prohibition of unequal treatment requires him. Accordingly, his license offer is "non-discriminatory" only if he treats the license seeker in the same way as other licensees or, in the case of unequal treatment, if there are valid objective reasons for this.

The license seeker is required to present and prove unequal treatment. This follows from Article 2 of Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, which provides that in all national and EU-community proceedings for the application of Articles 81 and 82 of the EEC Treaty (corresponding to Articles 101 and 102 TFEU) the burden of proof for an infringement of Article 81(1) or Article 82 of the EEC Treaty lies with the party alleging that infringement. The FRAND declaration of the SEP holder does not fundamentally change this burden of presentation and proof, because with his promise to grant licenses in a non-discriminatory manner, he merely complies with the legal requirements of Art. 102c TFEU, but does not want to grant the license seeker a better legal position in comparison (cf. above). Since the license seeker regularly has no detailed knowledge of the SEP holder's licensing practice, in particular of the content of the other license agreements concluded by the SEP holder with other licensees, while the SEP holder has this knowledge and can be reasonably expected to provide more detailed information, the SEP holder is subject to a secondary burden of disclosure (cf. Federal Supreme Court GRUR 2014, 657 - BearShare with further evidence on the secondary burden of disclosure). This includes information on which - concretely to be named - companies with which significance on the relevant market have taken a license and under what concrete conditions. Article 2 of the Antitrust Procedure Rules does not preclude this, because it does not prevent the application of Member State rules on the provision of facts which lie within the sphere of the party not required to provide evidence (Schmidt in: Immenga/Mestmäcker, loc. cit., Article 2 of Regulation 1/2003 Rn. 22, 36 with further evidence). Furthermore, the patent holder is (primarily) obliged to provide evidence that he has a sufficient objective reason for the unequal treatment (CFI, ECR 2007, II-3601 para.



1144 - Microsoft v Commission; Bardong in: Münchener Kommentar zum Europäischen und deutschen Wettbewerbsrecht, Volume 1, 2nd ed., Art. 2 VO 1/2003 Rn. 13 with further evidence; Zuber in: Loewenheim et al., loc. cit., Art. 2 VerfVO para. 8). This follows from the fact that Article 2 of the Antitrust Procedure Rules contains only a provision on the burden of proof for the infringement but not on its justification and that, according to general principles, the person invoking a justification ground must demonstrate and prove the existence of the conditions of justification (Bardong loc. cit., Art. 2 (EC) No. 1/2003 para. 13 with further evidence).

[..]

dd)

The mandatory antitrust license objection justified on the basis of all the above, in conjunction with the FRAND commitment of the plaintiff, has the following effects:

aaa)

The claims for injunctive relief and recall from the distribution channels are (judicially) unenforceable as long as the SEP holder does not act in accordance with his FRAND commitment to the standardization organization (cf. ECJ, loc. cit., para. 52 et seq.; para. 73). Although these claims are not permanently excluded due to the objection of compulsory licensing under antitrust law, they are opposed by a dilatory objection as long as the SEP holder does not meet his obligations. The situation is comparable with a claim that is not due (cf. Kühnen, loc.cit., Chapter E, para. 300). If the SEP holder does not fulfil his obligations by the end of the last oral fact hearing at the latest, the action must be dismissed as currently unfounded (cf. also Higher Regional Court Karlsruhe Mitt. 2016, 321 - Informationsaufzeichnungsmedium). It corresponds - as far as can be seen - rightly to the unanimous opinion that the above applies *mutatis mutandis* to the filing of an action for the destruction of patent-using products, Art. 64 (1) EPC in connection with Sec. 140a (1) German Patent Law (PatG) (cf. Regional Court Düsseldorf BeckRS 2016, 08288 – Handover with further evidence; cf. also below).

(I)

Since the plaintiff had not made a FRAND offer until the end of the last oral hearing of the facts before the Senate, the action had to be dismissed in part – in particular concerning the applications for injunctive relief and for destruction and recall from the distribution channels after the mutual settlement declaration - as currently unfounded, altering the contested decision of the Regional Court, without the decision of the question in dispute



as to whether the SEP holder can, in principle, also make up for the (complete) fulfilment of his FRAND obligations that were not fulfilled during the trial (the Senate endorsed this in its order of 17 May 2006 regarding the present trial; different view for example Regional Court Mannheim BeckRS 2016, 18389 with further evidence) being relevant for the decision in the present case.

(II)

The expiration of the patent does not alter the fact that the defendant's objection to compulsory licensing under antitrust law is of decisive importance with regard to the claims to destruction and recall from the distribution channels and that the action must therefore be dismissed to the extent that it is currently unfounded.

The cancellation of a patent does not at the same time lead to a settlement of the claims for destruction and recall from the distribution channels. Rather, these claims continue to exist in principle with regard to those products which the alleged infringer had already possessed and/or owned up to that time or which were manufactured and supplied up to then (Regional Court Hamburg InstGE 11, 65 - Datenträger; Benkard/Grabinski/Zülch, loc. cit., Sec. 140a PatG para. 9, 16 with further evidence). Since the defendants, burdened with burden of presentation and proof in this regard, have also not asserted that the claims due to disproportionality are excluded pursuant to Sec. 140a (4) PatG and that concrete indications for this are not apparent in any other way, the plaintiff's claims for destruction and recall from the distribution channels are not settled in the event of a dispute.

The defendants can therefore continue to oppose the still existing plaintiff's claims with the compulsory license objection under antitrust law. The decision of the European Court of Justice allows this objection without restrictions in the case of the recall claims asserted by the court (cf. ECJ loc. cit. para. 44 et seq.). In fact, the aspect highlighted by the ECJ (ECJ, loc. cit., para. 52, 73) that the SEP holder can prevent products manufactured by competitors that comply with the relevant standard from remaining on the market by means of the recall claim applies even after the patent has expired (ECJ, loc. cit., para. 52, 73). A similar objective is pursued by the destruction claim, which ensures that such products no longer enter the market. With regard to the specific products affected by destruction or recall, the measures taken by the SEP holder therefore still have a detrimental effect on the alleged infringer once the patent has expired. If the antitrust compulsory license objection could no longer be raised in this case, this would amount to a situation in which a dominant SEP holder who, contrary to his undertaking, did not submit a license offer in accordance with FRAND, could intervene in the market (solely) to the detriment of the licensee in respect of those products which had already been manufactured and supplied before the patent expired. However, this is neither in the



interests of the parties nor does it correspond to the purpose of the continuation of the claims under Sec. 140a (1) and (3) PatG after the expiration of the property right. This reason for continuation consists in eliminating the aftereffects of an unlawfully created fault condition. The infringer should not retain the advantage gained through an infringement because otherwise he would have an incentive to maintain a competitive advantage created by the infringement (Benkard/Grabinski/Zülch, loc.cit., Sec. 140a para. 9, 16 with further evidence). However, this situation does not apply from the outset to a licensee willing to license who was granted a compulsory license objection under antitrust law during the term of the patent. In this case, there is no unlawful disturbance and no unjustified competitive advantage to be eliminated. Therefore, there is no reason to place the SEP holder in a better position than before with regard to the claims to destruction and recall after the termination of the property right.

[...]

VII.

[...]

b)

Even if the antitrust compulsory license objection - as already mentioned above - leaves the enforceability of the claim for damages unaffected in principle, the amount of damages to be paid is limited to the amount which results from the application of the compensation methodology "license analogy": As long as the license seeker for his part behaves FRAND, i.e. fulfils his obligations in each case, he therefore owes the amount of damages only on the basis of a FRAND license fee (cf. Higher Regional Court Karlsruhe BeckRS 2016, 16061; Kühnen, loc. cit., Chapter E. para. 369 et seq.; different opinion Regional Court Mannheim, decision of 26 February 2016 – docket no. 7 O 38/14): Irrespective of the question as to whether a FRAND declaration merely has declaratory or constitutive effect, the commitment contained in it always constitutes an act of trust, so that it is incumbent on the SEP holder, who wishes to create the conditions for an unrestricted claim for damages in terms of amount, to behave in accordance with his FRAND commitment, to which the other party is entitled to adjust accordingly, and to advance the licensing procedure by implementing the obligations imposed on him by the ECJ (different opinion Regional Court Düsseldorf BeckRS 2016, 08379; cf. further details 2c aa).

Since the plaintiff has not yet fulfilled its obligation to make a FRAND license offer despite the defendant's willingness to license, even though the defendants had already expressed their willingness to license in pre-litigation, the above also applies to the plaintiff's claim



for damages asserted here. The clarification of the relevant details as to what a FRAND license is in an individual case is not necessary in the present proceedings, in which only the declaratory motion has to be decided, i.e. only a decision as to the merits of the claim for damages has to be made, but this is reserved for a possible amount proceeding (cf. Regional Court Düsseldorf BeckRS 2016, 08379).

[...]

2.

[...]

c)

However, the decision under appeal had to be amended in so far as it extended the plaintiff's claims to information and rendering account on the defendant's costs and profits in connection with the unlawful acts of use.

aa)

Since the amount of damages to be paid is - as explained under 1. - limited to a FRAND license, the accounting must accordingly also include only those information which are necessary for the determination of damages according to this methodology (cf. Regional Court Düsseldorf BeckRS 2016, 08379; Kühnen, loc.cit., Chapter E, para. 369). However, to the extent that the Düsseldorf Regional Court (BeckRS 2016, 08379) has decided that the restriction in question only applies from the refusal of the patent holder to grant a FRAND license onwards, this does not, in the opinion of the Senate, take sufficient account of the expectations of third parties, which are focused on by the ECJ and which are based precisely on the FRAND commitment of the SEP holder as such. The confidence based on the FRAND commitment that the SEP holder will submit a FRAND offer to a licensed third party on his own initiative already justifies the corresponding substantive limitation of the claim for damages. As long as the license seeker, for his part, fulfils the obligations imposed on him and the failure of a FRAND license agreement finds its cause in the sphere of the SEP holder, he (the license seeker) must assume, in the absence of a valid license agreement, that he is liable to pay damages for acts of use. However, in his justified confidence in the FRAND accordance of the SEP holder's conduct, he has no reason to assume that the damages to be paid will also include the amount which would result from the determination of the damages according to the methods of "infringer's profit" or "loss of profit" and which may, under certain circumstances, be higher than in application of the principles of the license analogy. This is because if the SEP holder, who is obliged to



perform in advance, behaves in accordance with his duties, he could only claim more comprehensive damages if the other party were either not willing to license or would not accept a FRAND offer submitted by the SEP holder without presenting a FRAND counter offer and providing corresponding security.

bb)

A SEP holder does not need the cost and profit data denied to the plaintiff by the Senate for the calculation of a FRAND license. Reasons which might require knowledge of the relevant information for the application of the compensation method "license analogy" are not apparent (doubtfully in this respect Higher Regional Court Karlsruhe BeckRS 2016, 16061 para. 34). In this respect, nothing else applies than for the application of the principles of license analogy in cases where damages are to be determined for the use of a non-standard essential patent.

cc)

The ECJ decision "Huawei Technologies / ZTE" does not conflict with the above considerations of the Senate. The ECJ dealt solely with the claims for patent infringement on which the FRAND commitment of a SEP holder has an effect on the merits, i.e. where it creates an obstacle to the enforcement of the corresponding action (cf. in particular ECJ loc. cit. para. 73 et seq.) The ECJ has decided neither explicitly nor indirectly whether the claims for disclosure/accounting and damages which can be enforced by the court despite the justified FRAND objection are limited in content or amount, so that there is no binding precedent for the national courts in this respect.

dd)

To the extent that the plaintiff requested disclosure/accounting on information concerning costs and profits, the action was accordingly also dismissed as currently unfounded.

[..]



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